



**GOLDIN FINANCIAL HOLDINGS LIMITED**

**高銀金融(集團)有限公司\***

(Incorporated in Bermuda with limited liability)

(Stock Code: 530)

**Interim Report  
2013/14**



\* for identification purposes only

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# CORPORATE INFORMATION

## Non-Executive Director and Chairman of the Board

Mr. Pan Sutong

## Executive Directors

Mr. Wong Hau Yan, Helvin  
Mr. Lee Chi Chung, Harvey  
Professor Huang Xiaojian  
Mr. Zhou Dengchao  
Ms. Hou Qin

## Independent Non-executive Directors

Ms. Hui Wai Man, Shirley  
Mr. Tang Yiu Wing  
Ms. Gao Min

## Audit Committee

Ms. Hui Wai Man, Shirley  
*(Chairman of Audit Committee)*  
Mr. Tang Yiu Wing  
Ms. Gao Min

## Remuneration Committee

Mr. Tang Yiu Wing  
*(Chairman of Remuneration Committee)*  
Ms. Hui Wai Man, Shirley  
Ms. Gao Min

## Nomination Committee

Mr. Pan Sutong  
*(Chairman of Nomination Committee)*  
Ms. Hui Wai Man, Shirley  
Ms. Gao Min

## Corporate Governance Committee

Mr. Pan Sutong *(Chairman of Corporate Governance Committee)*  
Mr. Wong Hau Yan, Helvin  
Mr. Zhou Dengchao

## Company Secretary

Ms. Lun Hau Mun

## Registered Office

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

## Hong Kong Principal Place of Business

23/F., Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited  
Bank of Communications Co., Ltd  
Hong Kong Branch

## Share Registrar and Transfer Offices

### Principal:

MUFG Fund Services (Bermuda) Limited  
26 Rurnaby Street  
Hamilton HM11  
Bermuda

### Hong Kong Branch:

Tricor Secretaries Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East, Wanchai  
Hong Kong

## Stock Code

530

## Website

[www.goldinfinancial.com](http://www.goldinfinancial.com)

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board"), I hereby present to the shareholders the interim results of Goldin Financial Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six-months period ended 31 December 2013.

## Management Discussion and Analysis

### Results

During the six months ended 31 December 2013 ("the first half of FY2014" or "the six months/the period under review"), Goldin Financial Holdings Limited ("Goldin Financial" or the "Company"/"Group") recorded a turnover from continuing operations of approximately HK\$169.6 million. This figure represented a 13.7% increase over the HK\$149.2 million figure recorded for the same period in the previous financial year ("FY2013"). The main cause for the increase was primarily due to the rise in revenues from wine trading. During the same period, the Group has recorded a fair value increase of some HK\$506.8 million (first six months of FY2013: HK\$750.0 million) on our 79,200 sq. m. site in Kowloon Bay. Initially bought as an investment property in 2011, the development has now successfully advanced into the construction stage. As a result, the Group has recorded a profit attributable to shareholders of the Company of some HK\$372.4 million — a 24.5% decline over the HK\$493.4 million figure recorded during the first six months of FY2013. Basic and diluted earnings per share for the period under review decreased to HK5.34 cents and HK5.32 cents respectively. This compared to the equivalent figures of HK13.44 cents and HK13.40 cents recorded during FY2013. The drop was mainly due to the fall in profit attributable to the owners of the Company as a result of the lower increase in the fair value on the Group's investment property. The significant increase in the weighted average number of shares as a result of the December 2012 rights issue on the basis of eleven rights shares for every ten share in issue also contributed to the decline.



## CHAIRMAN'S STATEMENT (CONTINUED)

### Business Review

During the six months ended 31 December 2013, Goldin Financial has continued to investigate and identify solid potential opportunities and likely sources of future profit.

Our management's consistently sound control ensures our factoring, wine and real estate businesses all continue to perform as steadily as was expected.

#### *Factoring*

The first six months of FY2014 saw major markets across North America and the European Community show signs of recovery which helped stabilize China's export volume. Particular areas for optimism regarding the Group's factoring operation included the doubling of China's domestic factoring volume for the last three years as reported by Factors Chain International in its Annual Review 2013. Having risen from Euro\$120 billion in 2010 to Euro\$272 billion in 2012, the figures underline the huge ongoing potential of China's domestic factoring business.

The six months ended 31 December 2013 also saw the Group increase its emphasis on domestic factoring. As a result, revenue from this business totaled HK\$61.3 million, included in which approximately 32% was derived from domestic factoring contracts. Total factoring revenue for the period under review increased by 8.2%, a slight rise over the HK\$56.7 million figure recorded in the first half of FY2013 due to the increase in domestic factoring revenue. As a result, profit from this segment rose by roughly 9.9% to HK\$37.5 million. This figure compares favourably to the figure of HK\$34.2 million recorded during the same period in the previous year.

#### *Wine*

The continued refinement of tastes and expectations among China's expanding middle-class means that the country also promises a vintage future for our wine business. A recent market survey commissioned by Vinexpo and conducted by International Wine & Spirit Research released in January 2014 shows that China (including Hong Kong) is now the world's largest consumer of red wine with an annual consumption of around 155 million 9-litre cases or 1.865 billion bottles for 2013. This figure represents a phenomenal 136% increase over 2008. Given red wines' steadily rising popularity, demands for our premium Napa and French wines look set to rise still further.



## CHAIRMAN'S STATEMENT (CONTINUED)

For the six months ended 31 December 2013, Group revenues from its wine business totaled HK\$108.4 million, a rise of 17.2% when compared to the HK\$92.5 million figure recorded in the corresponding six months in FY2013. Profit from this segment for the first half of FY2013 amounted to HK\$68.8 million, an increase of 58.6% when measured against the HK\$43.4 million achieved from July to December in FY2013. The rise for the year to date was largely due to the increase in wine sales as well as the larger profit margins generated by our trading of self-produced wines in the period under review.

### ***Property***

The Group's property development arm continued to make steady progress during the first half of FY2014. The November 2013 completion of the foundation work for our Goldin Financial Global Centre complex at Kowloon Bay and the subsequent commencement of key construction work was one particularly significant development. The 79,200 sq.m. gross floor area project is expected to be completed in the final quarter of 2015. Given tenants in the territory's always strong demand for quality office space and the continually limited availability of grade A office premises to match, the prospects for the project continue to look very promising indeed.

Reaction to the Hong Kong SAR Government's visionary ongoing "Energizing Kowloon East" project has been overwhelmingly positive. This has resulted in a dramatic appreciation of land values over the past three years in and around our Goldin Financial Global Centre complex's Kowloon Bay home. As a result, the Group recorded a fair value gain of HK\$506.8 million during the first six months of FY2014 (corresponding period in FY2013: HK\$750.0 million).

## Financial Review

### ***Liquidity, Financial Resources and Gearing***

As of 31 December 2013, the Group's working capital stood at approximately HK\$4,058.2 million, a slight increase of 0.9% over the HK\$4,022.3 million figure recorded on 30 June 2013. Cash and bank balances at the end of the period under review totaled some HK\$893.6 million compared with HK\$2,483.9 million on 30 June 2013. This decrease was mainly due to cash influxes into the Group's factoring and the wine operations during the current period.

By the end of the first half of FY2014, the Group had outstanding bank loans of approximately HK\$322.9 million (30 June 2013: HK\$272.9 million). Our gearing ratio of total borrowings divided by total equities stood at approximately 3.1% (30 June 2013: 2.8%). The Group also maintained a borrowing facility from its parent company, Goldin Global Holdings Limited of US\$300 million (equivalent to HK\$2,327 million). None of this sum had been utilized as of 30 June or 31 December 2013.

## CHAIRMAN'S STATEMENT (CONTINUED)

### *Foreign Exchange*

As the Group's key operations are located in Hong Kong, China, the US and France, its major assets and liabilities are primarily denominated in HK\$, RMB, US\$ and Euro\$. While we have yet to establish a formal foreign currency hedging policy, we will, as always, continue to monitor our exposure to foreign exchange fluctuations carefully and may introduce appropriate hedging measures should the need ever arise.

### Contingent Liabilities

As of 31 December 2013, a banking facility granted to a property investment subsidiary and subject to Company guarantees to the bank for up to 60% of funds drawn down had been utilized to the extent of HK\$193.0 million (30 June 2013: HK\$163.4 million).

### Pledge of Assets

Details of the Group's pledges on its assets as of 30 June and 31 December 2013 are set out in Note 11 to the condensed consolidated financial statement.

### Prospects

In planning ahead for the second half of FY2014 and beyond, the Group anticipates continuously being confronted with — and overcoming — still more challenges. In moving forwards, we hereby pledge to continue to do everything possible to maximize exciting new opportunities across all core business segments.

As China's comparatively consistent stable economic growth remains highly beneficial, the Group intends to continue to shift more of its focus towards the country's domestic factoring market. As always, the Group will maintain its meticulous approach towards the selecting of quality customers while carefully monitoring risks and being responsive to all Chinese Government policies that may affect its business.

In Hong Kong, leading Singaporean Sovereign Fund, Temasek, demonstrated its confidence in Kowloon East's outstanding future potential with a January 2014 bid to invest some HK\$3.77 billion on a 55,026 sq.ft. parcel of land there. Synergies arising from the Hong Kong SAR Government's plan for the development of Kai Tak and the construction of an Elevated Rail-based Environmentally Friendly Linkage System to enhance connections within Kowloon East are another positive trend. Ultimately, both developments are likely to further heighten Kowloon East's rising status as a premier economic hub. As a result, the Group remains optimistic regarding the likely future profitability of this area. In addition to its already under construction Goldin Financial Global Centre, the Group will continue to explore new property development opportunities and maximize returns on its shareholders' investments.

## CHAIRMAN'S STATEMENT (CONTINUED)

In the wine segment the Group remains committed to devoting significant resources to working with experienced wine consultants and wine-makers. The ultimate aim is to further enhance the already good quality of our French wines. The Group is also formulating sound marketing strategies aimed at promoting these French wines both locally and internationally. Careful ongoing investigation of potential new distribution channels in both China and Hong Kong is another reason our wine arm remains perfectly placed to anticipate and act on opportunities in both markets. As a result, the Board firmly believes that wine will remain a lucrative long-term profit engine for both the Company and its shareholders.

As usual, Goldin Financial intends to ride out possible future market turmoil by carefully evaluating all new investment opportunities as and when they arise. By stringently checking potential strategic partners' suitability, we look forward to continuing to do our utmost to maximize value and opportunities for our shareholders.

### Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our management and all colleagues for their valuable contribution to the Group. Moreover, I would also like to express appreciation to our valued shareholders, customers and business partners who have stood by the Group.

On behalf of the Board  
**Goldin Financial Holdings Limited**  
**Pan Sutong**  
*Chairman*

Hong Kong, 26 February 2014





# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Interim Dividend

The directors of the Company (the “Directors”) have resolved not to declare interim dividend for the six months ended 31 December 2013 (2012: Nil).

## Directors’ and Chief Executives’ Interests in Securities

As at 31 December 2013, the directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules:

### Long position interests in the shares and underlying shares of the Company:

Name of director	Number of ordinary shares of HK\$0.10 each held				Total	Percentage holdings (Note ii)
	Personal interests	Corporate interests	Other interests	Number of underlying shares held under equity derivatives (Note i)		
Mr. Pan Sutong	189,385,000	4,716,995,634 (Note iii)	—	—	4,906,380,634	70.34
Mr. Wong Hau Yan, Helvin	—	—	—	3,000,000	3,000,000	0.04
Mr. Zhou Dengchao	1,000,000	—	—	3,000,000	4,000,000	0.06
Ms. Hou Qin	1,560,000	—	—	3,000,000	4,560,000	0.07

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Notes:

- (i) *The interests in the underlying shares represented share options granted by the Company to these directors as beneficial owners, the details of which are set out in the section below headed "SHARE OPTION SCHEME".*
- (ii) *The percentage of interest in the issued share capital was calculated on the basis of 6,975,491,992 shares of the Company in issue at 31 December 2013.*
- (iii) *The 4,716,995,634 shares of the Company comprise (a) 4,473,545,636 shares in the Company held by Goldin Global Holdings Limited ("GGH"); (b) 43,390,000 shares in the Company held by Clear Jade International Limited; and (c) 200,059,998 shares in the Company held by Goldin Equities Limited ("Goldin Equities") which are wholly and beneficially owned by Mr. Pan Sutong ("Mr. Pan"), a non-executive Director and the chairman of the Board.*

*Goldin Equities is a wholly owned subsidiary and hence a controlled corporation of Goldin Investment Advisers Limited ("GIA"). GIA is a wholly owned subsidiary and hence a controlled corporation of Goldin Financial Investments Limited ("GFI"). GFI and GGH are the wholly owned subsidiaries and hence the controlled corporations of Goldin Investment Holdings Limited ("Goldin Investment"). Goldin Investment is a wholly owned subsidiary and hence a controlled corporation of Goldin Real Estate Financial Holdings Limited ("Goldin Real Estate Financial"). Goldin Real Estate Financial is wholly and beneficially owned by Mr. Pan.*

Save as disclosed above, as at 31 December 2013, none of the directors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.



## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

### Substantial Shareholders and Other Persons' interests in Securities

As at 31 December 2013, the following persons (other than any directors or chief executive of the Company) were substantial shareholders of the Company (as defined in the Listing Rules) and had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder (Note (i))	Nature of interest	Number of shares/ underlying shares interested or deemed to be interested (Note (iii))	Percentage to the issued share capital of the Company (Note (ii))
Goldin Global Holdings Limited	Beneficial owner	4,473,545,636	64.13
Goldin Investment Holdings Limited	Interest of controlled corporation	4,673,605,634	67.00
Goldin Real Estate Financial Holdings Limited	Interest of controlled corporations	4,673,605,634	67.00

Notes:

- (i) *Goldin Global Holdings Limited is a wholly owned subsidiary and hence a controlled corporation of Goldin Investment Holdings Limited ("Goldin Investment"). Goldin Investment is a wholly owned subsidiary and hence a controlled corporation of Goldin Real Estate Financial Holdings Limited ("Goldin Real Estate Financial"). Goldin Real Estate Financial is wholly and beneficially owned by Mr. Pan Sutong, a non-executive director of the Company and the chairman of the Board whose interests in the shares of the Company are disclosed in the paragraph entitled "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES" above.*
- (ii) *The percentage of interest in the issued share capital was calculated on the basis of 6,975,491,992 shares of the Company in issue at 31 December 2013.*

Save as disclosed above, as at 31 December 2013, the Company had not been notified of any other persons (other than any directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## Share Option Scheme

The share option scheme of the Company adopted on 28 January 2004 (the “Old Share Option Scheme”) was terminated by the Shareholders at the Company’s annual general meeting held on 21 November 2013 (“AGM”) before its expiration on 27 January 2014. At the AGM, the Shareholders have approved the adoption of a new share option scheme of the Company (the “New Share Option Scheme”) in substantially similar terms as those of the Old Share Option Scheme.

The New Share Option Scheme was adopted on 21 November 2013, options were granted to any participants as described in the New Share Option Scheme entitling them to subscribe for shares of HK\$0.10 each in the capital of the Company. The purpose of the Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest.

During the Period, no share options were granted to any participants under the New Share Option Scheme. Details of movements in the options under the Old Share Option Scheme during the period and options outstanding as at the beginning and end of the period are set out below:

Name of participant	Grant date (dd.mm.yyyy)	Exercise price per share	Exercisable period (dd.mm.yyyy)	Number of share options				As at 31 December 2013
				As at 1 July 2013	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period	
<b>Directors</b>								
Mr. Wong Hau Yan, Helvin	22.7.2009	0.654	22.1.2010 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2011 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2012 to 21.7.2019	1,000,000	—	—	—	1,000,000
Mr. Zhou Dengchao	22.7.2009	0.654	22.1.2010 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2011 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2012 to 21.7.2019	1,000,000	—	—	—	1,000,000

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Name of participant	Grant date (dd.mm.yyyy)	Exercise price per share (HK\$)	Exercisable period (dd.mm.yyyy)	Number of share options				As at 31 December 2013
				As at 1 July 2013	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period	
Ms. Hou Qin	22.7.2009	0.654	22.1.2010 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2011 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2012 to 21.7.2019	1,000,000	—	—	—	1,000,000
Employees and others in aggregate (including directors of certain subsidiaries)	22.7.2009	0.654	22.7.2009 to 21.7.2019	3,000,000	—	—	—	3,000,000
	22.7.2009	0.654	22.1.2010 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2011 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2012 to 21.7.2019	1,000,000	—	—	—	1,000,000
	23.7.2009	0.652	23.1.2010 to 22.7.2019	7,040,000	—	—	80,000	6,960,000
	23.7.2009	0.652	23.7.2011 to 22.7.2019	7,500,000	—	—	180,000	7,320,000
	23.7.2009	0.652	23.1.2012 to 22.7.2019	10,000,000	—	—	240,000	9,760,000
				39,540,000	—	—	500,000	39,040,000

### Purchase, Sale or Redemption of the Company's Listed Securities

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## **Specific Performance Obligations on Controlling Shareholder**

On 26 November 2012, Smart Edge Limited (“Smart Edge”), an indirect non-wholly owned subsidiary of the Company as the borrower and Bank of Communications Co., Ltd. Hong Kong Branch (“BOCC”) as the lender had entered into a 4-year loan facility agreement (the “Loan Agreement”) of up to an aggregate amount of HK\$3,000 million, which includes a term imposing specific performance obligation on the controlling shareholder of the Company.

Pursuant to the Loan Agreement, Smart Edge agrees that Mr. Pan Sutong (“Mr. Pan”, who is the chairman of the board of directors and controlling shareholder of the Company) shall beneficially own at all times (i) not less than 40% of the issued share capital in Smart Edge; (ii) not less than 50% of the issued share capital in the Company; and (iii) not less than 50% of the issued share capital in Goldin Properties Holdings Limited (“Goldin Property”), a company listed on the main board of the Stock Exchange, and procure that Goldin Properties’s shares at all times be listed on the Stock Exchange.

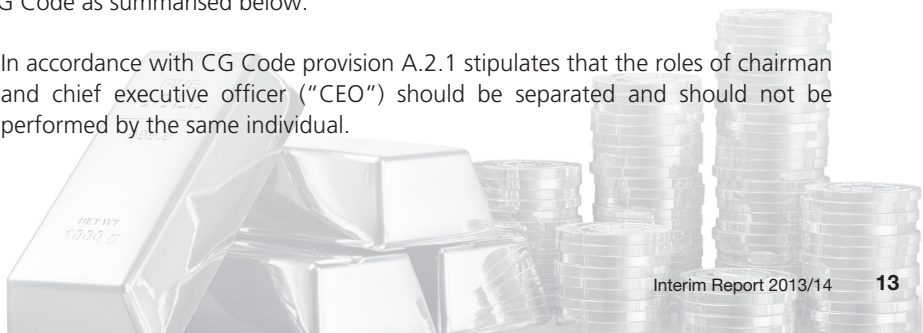
It will be an event of default if the specific performance obligation is breached; and in such case, the bank shall declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and/or declare the facility terminated.

## **Code on Corporate Governance Practices**

The board of Directors (the “Board”) recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the “CG Code”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

For the period ended 31 December 2013, the Company has complied with the code provisions of the CG Code with deviations from the code provisions A.2.1 and A.4.1 of the CG Code as summarised below:

- i. In accordance with CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual.





## **CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)**

The Company does not at present have any officer with the title CEO. The daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

- ii. Under the code provision A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors of the Company are appointed for a specific term but are subject to retirement by rotation at least once every three years at the Company's annual general meeting in accordance with the provisions of the bye-laws of the Company. The Board believes that such practice will offer stability at the Board level while at the same time, independence is safeguarded by the necessary rotation, retirement and re-election procedures which involves shareholders' approval. As such, the Board considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code.

### **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the six months ended 31 December 2013.

### **Human Resources**

As of 31 December 2013, the Group had about 84 employees (2012: 61). Total staff costs for the six months ended 31 December 2013 were approximately HK\$19.1 million (2012: HK\$14.4 million). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and share options to motivate and reward employees at all levels to achieve the Group's business performance targets.

## **Review by Audit Committee**

The audit committee of the Company, comprising Ms. Hui Wai Man, Shirley as chairman as well as Mr. Tang Yiu Wing and Ms. Gao Min as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 31 December 2013.



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 December 2013

		<b>Six months ended 31 December</b>	
	Notes	<b>2013 HK\$'000 (Unaudited)</b>	2012 HK\$'000 (Unaudited)
Revenue	4	<b>169,649</b>	149,163
Cost of sales		<b>(33,395)</b>	(45,745)
Gross profit		<b>136,254</b>	103,418
Other income	4	<b>11,434</b>	8,779
Other gains and losses	5	<b>(3,431)</b>	12,459
Increase in fair value of investment property	11	<b>506,786</b>	749,954
Selling and distribution expenses		<b>(868)</b>	(3,412)
Administrative expenses		<b>(67,700)</b>	(52,041)
Finance costs	6	<b>(16)</b>	(24)
Profit before tax	7	<b>582,459</b>	819,133
Income tax expenses	8	<b>(11,248)</b>	(14,628)
<b>Profit for the period</b>		<b>571,211</b>	804,505
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		<b>3,982</b>	(489)
Other comprehensive income/(loss) for the period, net of tax		<b>3,982</b>	(489)
<b>Total comprehensive income for the period</b>		<b>575,193</b>	804,016

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Six months ended 31 December 2013

		<b>Six months ended 31 December</b>	
		<b>2013</b>	2012
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Notes			
<b>Profit attributable to:</b>			
	Owners of the Company	<b>372,414</b>	493,373
	Non-controlling interest	<b>198,797</b>	311,132
		<b>571,211</b>	804,505
<b>Total comprehensive income attributable to:</b>			
	Owners of the Company	<b>376,255</b>	492,884
	Non-controlling interest	<b>198,938</b>	311,132
		<b>575,193</b>	804,016
<b>Earnings per share attributable to owners of the Company</b>			
	Basic	10	
		<b>HK5.34</b>	HK13.44
		<b>cents</b>	cents
	Diluted		
		<b>HK5.32</b>	HK13.40
		<b>cents</b>	cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	31 December 2013 HK\$'000 (Unaudited)	30 June 2013 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		399,235	401,780
Investment property	11	6,300,000	5,700,000
Intangible assets		102,073	101,439
Vines		6,123	10,388
Total non-current assets		6,807,431	6,213,607
<b>CURRENT ASSETS</b>			
Inventories		290,550	260,535
Prepayments, deposits and other receivables		302,414	164,102
Trade receivables	12	3,058,875	1,290,865
Convertible bond — loan portion		92,887	89,420
Convertible bond — conversion option derivative		—	531
Loan receivable		—	21,850
Cash and bank balances		893,611	2,483,872
Total current assets		4,638,337	4,311,175
<b>CURRENT LIABILITIES</b>			
Trade payables	13	440,608	194,587
Accruals, other payables and receipts in advance		114,756	76,939
Tax payable		24,740	17,365
Total current liabilities		580,104	288,891
<b>NET CURRENT ASSETS</b>		4,058,233	4,022,284
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,865,664	10,235,891

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2013

	Notes	31 December 2013 HK\$'000 (Unaudited)	30 June 2013 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	14	322,894	272,949
Derivative financial instrument		13,600	10,700
Deferred tax liabilities		24,668	23,259
Total non-current liabilities		361,162	306,908
Net assets		10,504,502	9,928,983
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	15	697,549	697,499
Reserves		7,446,911	7,070,380
Non-controlling interest	18(b)(iv)	8,144,460 2,360,042	7,767,879 2,161,104
Total equity		10,504,502	9,928,983



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2013

## Attributable to owners of the Company

	Issued capital	Share premium	Other reserve	Exchange translation reserve	Share option reserve	Retained profits/ (accumulated losses)	Total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2013 (audited)	697,499	6,344,465	(34,316)	(288)	9,783	750,736	7,767,879	2,161,104	9,928,983
Exchange differences arising on translation of foreign operations	—	—	—	3,841	—	—	3,841	141	3,982
Profit for the period	—	—	—	—	—	372,414	372,414	198,797	571,211
Total comprehensive income for the period	—	—	—	3,841	—	372,414	376,255	198,938	575,193
Equity-settled share option arrangements	50	384	—	—	(108)	—	326	—	326
Share issue expenses	—	—	—	—	—	—	—	—	—
At 31 December 2013 (unaudited)	697,549	6,344,849	(34,316)	3,553	9,675	1,123,150	8,144,460	2,360,042	10,504,502
At 1 July 2012 (audited)	332,133	2,837,971	(34,400)	74	9,832	(177,317)	2,968,293	1,562,353	4,530,646
Exchange differences arising on translation of foreign operations	—	—	—	(489)	—	—	(489)	—	(489)
Profit for the period	—	—	—	—	—	493,373	493,373	311,132	804,505
Total comprehensive income/(loss) for the period	—	—	—	(489)	—	493,373	492,884	311,132	804,016
Rights issue	365,346	3,543,859	—	—	—	—	3,909,205	—	3,909,205
Share issue expenses	—	(37,583)	—	—	—	—	(37,583)	—	(37,583)
At 31 December 2012 (unaudited)	697,479	6,344,247	(34,400)	(415)	9,832	316,056	7,332,799	1,873,485	9,206,284

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2013

	<b>Six months ended 31 December</b>	
	<b>2013 HK\$'000 (Unaudited)</b>	<b>2012 HK\$'000 (Unaudited)</b>
Net cash flows used in operating activities	<b>(1,652,391)</b>	(334,692)
Net cash flows from investing activities		
Purchase of items of plant and equipment	<b>(1,853)</b>	(875)
Addition to vines	<b>(2,852)</b>	(2,675)
Proceeds from disposal of items of plant and equipment	<b>2,288</b>	—
Repayment of loan receivables	<b>21,850</b>	—
Interests received	<b>5,392</b>	3,616
	<b>24,825</b>	66
Net cash flows from financing activities		
Proceed from bank borrowing	<b>44,498</b>	66,000
Proceeds from issue of shares	<b>326</b>	2,873,249
Share issue expenses	—	(37,583)
Interest and other finance charges paid	<b>(2,424)</b>	—
	<b>42,400</b>	2,901,666
Net increase (decrease) in cash and cash equivalents	<b>(1,585,166)</b>	2,567,040
Cash and cash equivalents at beginning of the period	<b>2,483,872</b>	84,754
Effect of foreign exchange rate changes, net	<b>(5,095)</b>	(1,124)
Cash and cash equivalents at end of the period, represented by cash and bank balances	<b>893,611</b>	2,650,670

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2013

## 1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements have been prepared on the historical cost basis except for an investment property, derivative financial instruments and vines, which have been measured at fair value.

The condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2013.

## 2. Significant Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2013, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are effective for the first time for the Group's annual periods beginning on or after 1 July 2013.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12: <i>Transition Guidance</i>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 2. Significant Accounting Policies (Continued)

HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009–2011 Cycle</i>	Amendments to a number of HKFRs issued in June 2012

Other than as further explained below, the adoption of these new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements.

#### **HKFRS 10 Consolidated Financial Statements and HKAS 27 Separate Financial Statements**

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities. HKFRS 10 replaces the parts of previously existing HKAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. HKFRS 10 had no impact on the consolidation of investments held by the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

## 2. Significant Accounting Policies (Continued)

### HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in the condensed consolidated financial statements for financial instruments, accordingly, the Group provides these disclosures in the notes to the condensed consolidated financial statements.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing their impact on the Group's results and financial position.

## 3. Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the factoring segment engages in provision of factoring services;
- (b) the financial investment segment engages in securities and derivatives investment and trading, and investment in financial instrument;
- (c) the winery and wine trading segment engages in the investments and trading of wines and an operation of a vineyard; and
- (d) the property segment engages in property development and investment.

The following tables present revenue and profit information for the Group's business segments for the six months ended 31 December 2012 and 2013 respectively.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 3. Segment Information (Continued)

#### For the six months ended 31 December 2013

	Factoring HK\$'000 (Unaudited)	Financial investment HK\$'000 (Unaudited)	Winery and wine trading HK\$'000 (Unaudited)	Property HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue:</b>					
Sales to external customers	61,271	—	108,378	—	169,649
<b>Segment results:</b>	37,513	6,501	68,805	503,809	616,628
<i>Reconciliations</i>					
Unallocated interest and other income					954
Corporate and unallocated expenses					(35,107)
Finance costs					(16)
Profit before tax					582,459

#### For the six months ended 31 December 2012

	Factoring HK\$'000 (Unaudited)	Financial investment HK\$'000 (Unaudited)	Winery and wine trading HK\$'000 (Unaudited)	Property HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue:</b>					
Sales to external customers	56,651	—	92,512	—	149,163
<b>Segment results:</b>	34,150	12,771	43,394	755,165	845,480
<i>Reconciliations</i>					
Unallocated interest and other income					946
Corporate and unallocated expenses					(27,269)
Finance costs					(24)
Profit before tax					819,133



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 4. Revenue and Other Income

An analysis of revenue and other income is as follows:

	Six months ended 31 December	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Revenue</b>		
Handling fee income and interest income from factoring services	61,271	56,651
Sale of wines	108,378	92,512
	<b>169,649</b>	149,163
<b>Other income</b>		
Bank interest income	954	64
Interest income on a loan receivable	—	881
Interest income on a convertible bond	7,038	6,518
Others	3,442	1,316
	<b>11,434</b>	8,779

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 5. Other Gains and Losses

	<b>Six months ended 31 December</b>	
	<b>2013 HK\$'000 (Unaudited)</b>	<b>2012 HK\$'000 (Unaudited)</b>
Fair value gain (loss) on the conversion option derivative	<b>(531)</b>	6,559
Fair value gain (loss) on a derivative financial instrument	<b>(2,900)</b>	5,900
	<b>(3,431)</b>	12,459

### 6. Finance Costs

	<b>Six months ended 31 December</b>	
	<b>2013 HK\$'000 (Unaudited)</b>	<b>2012 HK\$'000 (Unaudited)</b>
Interests on:		
Secured bank borrowing wholly repayable within five years	<b>8,461</b>	348
Other borrowing wholly repayable within five years	—	24
Loan from the immediate holding company	—	36,465
	<b>8,461</b>	36,837
Less: Amount capitalised in an investment property under construction (Note 11)	<b>(8,445)</b>	(36,813)
	<b>16</b>	24

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 7. Profit Before Tax

Profit before tax has been arrived at after charging/(crediting):

	<b>Six months ended 31 December</b>	
	<b>2013 HK\$'000 (Unaudited)</b>	2012 HK\$'000 (Unaudited)
Amortisation of intangible assets	454	454
Depreciation of property, plant and equipment	9,056	9,043
Less: Amount included in inventory overheads	(2,190)	(2,048)
	<b>6,866</b>	6,995
Foreign exchange differences, net	<b>1,178</b>	1,034

### 8. Income Tax Expenses

	<b>Six months ended 31 December</b>	
	<b>2013 HK\$'000 (Unaudited)</b>	2012 HK\$'000 (Unaudited)
Current — Hong Kong		
Charge for the period	10,084	6,141
Current — Elsewhere		
Charge for the period	1,164	8,487
Deferred	—	—
Tax charge for the period	<b>11,248</b>	14,628

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

## 9. Dividend

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2013 (2012: Nil).

## 10. Earnings Per Share

The calculation of the basic earnings per share is based on:

	Six months ended 31 December	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to owner of the Company, used in the basic earnings per share calculation	<b>372,414</b>	493,373
	Number of shares Six months ended 31 December	
	2013 '000	2012 '000
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>6,975,090</b>	3,669,909
Effect of dilution — weighted average number of ordinary shares: Share options	<b>27,345</b>	11,368
	<b>7,002,435</b>	3,681,277

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 11. Investment Property

	HK\$'000
At 1 July 2012 (audited)	3,900,000
Construction cost incurred	286,187
Finance cost capitalised	43,415
Change in fair value	1,470,398
At 30 June 2013 and 1 July 2013 (audited)	5,700,000
Construction cost incurred	84,769
Finance cost capitalised (Note 6)	8,445
Change in fair value	506,786
At 31 December 2013 (Unaudited)	6,300,000

The Group's property interest held under operating lease to earn rentals purpose is measured using the fair value model and are classified and accounted for as investment property. The Group's investment property is under construction and situated in Hong Kong under medium-term lease.

The fair value of the Group's investment property at 31 December 2013 and 30 June 2013 have been arrived at on the basis of a valuation carried out on these dates by Savills Valuation and Professional Services Limited, an independent qualified professional valuer not connected to with the Group, on an open market, existing use basis.

At 31 December 2013, the above investment property was pledged to secure a banking facility granted to the Group.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 12. Trade Receivables

The following is an aged analysis of trade receivables at the reporting date:

	<b>31 December 2013 HK\$'000 (Unaudited)</b>	30 June 2013 HK\$'000 (Audited)
Current to 120 days	<b>1,663,029</b>	614,278
121 to 151 days	<b>68,127</b>	341,887
151 to 180 days	<b>1,327,719</b>	334,700
	<b>3,058,875</b>	1,290,865

### 13. Trade Payables

The following is an aged analysis of trade payables at the reporting date:

	<b>31 December 2013 HK\$'000 (Unaudited)</b>	30 June 2013 HK\$'000 (Audited)
Current to 120 days	<b>234,287</b>	94,055
121 to 150 days	<b>6,909</b>	50,337
151 to 180 days	<b>199,412</b>	50,195
	<b>440,608</b>	194,587



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

## 14. Secured Bank Borrowing

### Non-current

	31 December 2013			30 June 2013		
	Effective contractual interest rate	Maturity	HK\$'000	Effective contractual interest rate	Maturity	HK\$'000
Secured bank loan (note a)	1 month HIBOR + 3.4%	2016	321,716	1 month HIBOR + 3.4%	2016	272,323
Unsecured bank loans (note b)	2.55%–4.75%	2019	1,178	4.75%	2019	626
			322,894			272,949
Analysed into bank loans: repayable in the third to fifth years			322,894			272,949

Notes:

- (a) *The bank facility in the amount of HK\$3,000,000,000 was granted by bank to a 60% owned subsidiary, Smart Edge Limited ("Smart Edge"), which holds an investment property under development. Mr. Pan Sutong ("Mr. Pan"), a controlling shareholder of the Company, is beneficially interested in the remaining 40% of the issued share capital of Smart Edge.*

*The banking facility is secured by, among others, the following:*

- (i) *mortgage over the entire share capital of Smart Edge;*
  - (ii) *mortgage over the investment property under development with aggregate carrying value of HK\$6,300,000,000 at 31 December 2013 (Note 11);*
  - (iii) *a corporate guarantee given by the Company for an amount up to 60% of the outstanding bank borrowings; and*
  - (iv) *a personal guarantee given by Mr. Pan for an amount up to 40% of the outstanding bank borrowings.*
- (b) *The Group's bank loan of HK\$611,000 (2013: HK\$626,000) is guaranteed by one of the beneficial shareholder of the non-controlling interests. The carrying amounts of the unsecured bank borrowings at 31 December 2013 are denominated in Euro dollar.*



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

## 15. Share Capital

### Ordinary shares

	<b>31 December 2013 HK\$'000 (Unaudited)</b>	30 June 2013 HK\$'000 (Audited)
Authorised: 11,000,000,000 (30 June 2013: 5,500,000,000) ordinary shares of HK\$0.10 each	<b>1,100,000</b>	1,100,000
Issued and fully paid: 6,975,491,992 (30 June 2013: 6,974,991,992) ordinary shares of HK\$0.10 each	<b>697,549</b>	697,499

Movements in the Company's issued share capital are as follows:

	<b>Number of shares in issue</b>	<b>Issued capital HK\$'000</b>
At 1 July 2012 (audited)	3,321,329,520	332,133
Issue of shares upon exercise of share options	200,000	20
Rights issue (Note)	3,653,462,472	365,346
At 30 June 2013 and 1 July 2013 (audited)	6,974,991,992	697,499
Issue of shares upon exercise of share options (Note 16)	500,000	50
At 31 December 2013 (unaudited)	6,975,491,992	697,549

*Note: In December 2012, the Company issued and allotted 3,653,462,472 ordinary shares of HK\$0.10 each to the qualifying shareholders pursuant to the rights issue on the basis of eleven rights shares for every ten shares held as at 15 November 2012 at a subscription price of HK\$1.07 per share for a total consideration, before expenses, of HK\$3,909,205,000. The net cash proceeds of approximately HK\$2,835,725,000 after offsetting a loan from the immediate holding company of approximately HK\$1,035,956,000 and the share issue expenses of approximately HK\$37,524,000, is to be used as to HK\$1,550,000,000 for capital injection to 高銀保理(中國) 發展有限公司 for the factoring business and the remaining amount to expand the wine business as needed.*

*The new shares issued pursuant to the above rights issue ranked pari passu with the existing shares in all aspects.*

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 16. Share Option

The Company adopted a share option scheme on 28 January 2004 (the "2004 Option Scheme") for the purpose of providing incentives and rewards to eligible participants. It was terminated on 21 November 2013 prior to its expiration on 27 January 2014. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2004 Option Scheme. The Company adopted a new share option scheme (the "2013 Option Scheme") on the same date. Details of the 2013 Option Scheme is disclosed in the Company's circular dated 21 October 2013.

No option was granted or lapsed during the period ended 31 December 2013 and the year ended 30 June 2013. For the six months ended 31 December 2013, 500,000 (30 June 2013: 200,000) share options were exercised which resulted in the issue of 500,000 (30 June 2013: 200,000) ordinary shares of the Company and the new share capital of HK\$50,000 (30 June 2013: HK\$20,000) and share premium of HK\$276,000 (30 June 2013: 110,000) before issue expenses.

### 17. Commitments

The Group had the following capital commitments at the end of the reporting period:

	<b>31 December 2013 HK\$'000 (Unaudited)</b>	30 June 2013 HK\$'000 (Audited)
Contracted, but not provided for: Investment property	<b>2,014,518</b>	81,544
Authorised, but not contracted for: Investment property	<b>55,117</b>	2,235,643

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 18. Related Party Transactions

- (a) During the period, the Group had the following transactions with related parties:

	<b>Six months ended 31 December</b>	
	<b>2013 HK\$'000 (Unaudited)</b>	2012 HK\$'000 (Unaudited)
Transactions with related companies in which a substantial shareholder of the Company has beneficial interests:		
Sale of wines	<b>4,944</b>	6,433
Commission paid for underwriting the Company's shares	—	35,308
Financial advisory fees paid	—	620
Project management fees paid	<b>1,170</b>	1,170
Interest income on a convertible bond	<b>3,630</b>	3,630
Handling fee income and interest income from factoring services	<b>19,802</b>	—
Interest expense on a loan from the immediate holding company	—	36,465

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

## 18. Related Party Transactions (Continued)

### (b) Outstanding balances with related parties

- (i) The carrying amount of trade receivables at 31 December 2013 included an amount of HK\$16,396,000 (30 June 2013: HK\$4,190,000) due from related companies in which the substantial shareholder of the Company has beneficial interest.
- (ii) The carrying amount of trade payables at 31 December 2013 included an amount of HK\$278,709,000 (30 June 2013: HK\$49,927,000) due to a related company in which the substantial shareholder of the Company has beneficial interest.
- (iii) The carrying amount of convertible bond receivables at 31 December 2013 of HK\$92,887,000 (30 June 2013: HK\$89,420,000) represents receivables on a convertible bond issued by Goldin Properties Holdings Limited, a related company of the Company whose shares are listed on The Stock Exchange of Hong Kong Limited.
- (iv) Non-controlling interest include a loan of HK\$1,388,881,000 (30 June 2013: HK\$1,388,881,000) from a non-controlling shareholder, an entity wholly-owned by a substantial shareholder of the Company. The loan balance is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the directors of the Company, the loan balance is considered as quasi-capital.

### (c) Compensation of key management personnel

The key management personnel of the Group are its directors, details of their emoluments are as follows:

	Six months ended 31 December	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Short-term employee benefits	3,980	3,033
Equity-settled share option expenses	—	—
	<b>3,980</b>	3,033

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

## 18. Related Party Transactions (Continued)

### (c) Compensation of key management personnel (Continued)

The emoluments of the directors were decided by the remuneration committee of the Company having regard to individual's performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market conditions.

## 19. Fair Value Measurements of Financial Instruments

As at the end of the reporting period, the carrying amounts of the Group's financial assets and financial liabilities approximated to their fair values.

### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2013

### 19. Fair Value Measurements of Financial Instruments (Continued)

The Group did not have any financial asset measured at fair value as at 31 December 2013.

#### Liabilities measured at fair value as at 31 December 2013

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Derivative financial instrument	—	—	13,600	13,600

The movements in fair value measurements in Level 3 during the period are as follows:

	2013 HK\$'000
Derivative financial instrument:	
At 1 July (Audited)	10,700
Fair value loss recognised in the profit or loss	2,900
At 31 December (Unaudited)	13,600

During the six months ended 31 December 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

#### Valuation techniques

The fair value of the derivative financial instrument is determined by using a binomial model with key input including the estimated valuation of the fair value of Smart Edge, volatility and prevailing market interest rates.